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Discount Store News®

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SECOND CLASS

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Home Office, Big Video Excite Discounters at CES

By Peter Hisey

CHICAGO — "It looks like the tire-kickers stayed home," one supplier said on the third day of the summer Consumer Electronics Show. He was referring to the drop in attendance, down some 20 percent to 30 percent from a year ago. Evidently, many mom-and-pop retailers, caught between a flat market and rapid chain expansion, decided to forgo the show. However, most suppliers noted that their important accounts—mass merchants, discounters and high volume specialists—showed up.

Despite the lighter attendance, suppliers and buyers were almost universally happy with the show. Business, at all levels, seemed to be up, and buyers said that the selection of products, price points and added features was vastly improved over recent years.

That made up, at least in the short term, for a lack of innovation in 1989. Most manufacturers are planning to introduce new products in January, and limited themselves to improved or added-feature products for the summer. Most major new products, like large-screen LCD projection televisions, had been previewed over the last two shows, but still created a stir at their first open showings.

Nintendo premiered Game Boy, its hand-held video game system, but might have been upstaged by a color version from Atari and Sega, which showed its new Genesis 16-bit technology with nearly arcade-level graphics and sound effects. Nintendo already has such a system in Japan, but a spokesman said that there are no immediate plans to introduce the technology to the United States. "We can't even supply all the demand for our 8-bit products," he said, "so moving to 16-bit would be premature."

(Continued on page 4)

Wal-Mart Unveils Plans To 'Do More With Less'

Lower Costs Expected from Investment in Technology

By Jacalyn Carfagno
Special to DSN

FAYETTEVILLE, Ark.— Wal-Mart "has to keep changing" to maintain the growth that has pushed it into 25 states and to over $20 billion in sales annually, said Sam Walton, the company's founder and chairman, who, as always, dominated the company's annual shareholders meeting.

Critical to change is Wal-Mart's extensive investment in technology.

"We're going to do more with less," chief executive officer David Glass told the crowd, and new technology will help do it. To that end, Glass said, Wal-Mart has spent "close to $500 million" on technological installations over the last five years.

Besides outlining its plans to reduce operating costs via massive outlays on technology, the nation's third largest retailer took a few shots at its competitors while embracing suppliers and charting a course for expansion.

As in past years, chairman Sam Walton dominated the stage at Wal-Mart's annual pep rally/shareholders meeting.

The annual extravaganza, that is part revival, part pep rally and a small part company business, drew a crowd estimated at 9,000 to the Univer-

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Sears Piles On the Power Departments

Upscale Men's Apparel Format Accents Brands

By Kenneth M. Chanko

AURORA, Ill. — Taking another big step toward bringing the chain up to competitive snuff in apparel, Sears unveiled its new, enlarged and upscaled men's department earlier this month at its Fox Valley Center store in this Chicago suburb.

The product mix in the 16,500-square-foot "The Men's Store at Sears" department consists of up to 60 percent national brands, which is a major increase for the mass merchandiser.

The nation's No. 1 retailer expects to have as many as 10 of these new men's departments in Sears stores before the end of the year, and wants to have 400 by the end of 1990.

Speaking at an informal onsite press conference before the store tour, Michael Bozic, chairman and ceo of Sears Merchandise Group, said, "This concept is key to our superstore strategy. In Brand Central, Kids & More and now The Men's Store at Sears, we're combining our traditional strengths with the appeal of national brands, targeted assortments and contemporary presentations."

Bozic added that the chain's first Kids & More department "has done extremely well" since its March debut in its Merrillville, Ind., store.

Depending on the needs of

(Continued on page 25)

Fashion-forward lifestyle graphics, spot-lighting and varied display techniques play a prominent role in 'The Men's Store at Sears,' unveiled near Chicago earlier this month. (DSN photo)

Brand Central Blitz This Month

CHICAGO — On the heels of the debut of its new men's apparel superstore here, Sears said it will open 164 Brand Central home appliance/electronics superstores-within-stores late this month.

That will bring to nearly 300 the number of Brand Central superstores operating in Sears stores, 277 of which have been opened since March, said Marvin M. Stern, vp, home appliances and electronics for Sears Merchandise Group.

The openings represent "a great opportunity to strengthen Sears' position in home appliances and electronics," said Stern. With more than 70 national brands, in addition to Sears' Kenmore appliances, Brand Central is designed to appeal to a broader range of consumers by providing more choices to more people, added Stern.

Jamesway Sets Two Specialty Home Stores

SECAUCUS, N.J. — Jamesway will venture into specialty retailing later this year when the full-liner opens two 45,000-square-foot home stores.

The stores will offer merchandise for the bedroom, bathroom and kitchen, chairman Herbert Fisher said during Jamesway's annual meeting, according to an article in *The Bergen Record*, a local newspaper.

The specialty stores will generate $200 in sales per square foot when mature, Fisher estimated. Proposed store sites are in northern New Jersey and upstate New York, he added.

Sales of goods related to bedroom, bathroom and kitchen have been

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MARKETWATCH

K mart's Mielke New Builders Square CEO

SAN ANTONIO, Texas — K mart has taken complete control of Builders Square, its home center warehouse chain, following the resignation last month of chairman and chief executive officer Frank Denny. Jud Walford and Frank Powers, who co-founded the chain with Denny, left in April. K mart promoted Glen Mielke, a 31-year K mart veteran, to chief executive officer to replace Denny. Mielke had been named president and chief operating officer of the 138-store Builders Square chain in January. He, in turn, brought in two other K mart veterans: Robert Berman, as vice president, operations, and Leo Corwin, as vice president, merchandising. Builders Square turned its first profit last year, estimated at $14 million, on sales of $1.7 billion. K mart bought Builders Square for $90 million in 1984 when it ran nine stores.

Sears Selects Direct Mail Provider

CHICAGO — Sears has selected Windsor, Conn.-based ADVO-System, the nation's largest direct mail operator, to provide combined mail service for the retailer's various business groups. Sears will produce the direct mail pieces for its retailing, insurance, brokerage and financial service divisions; ADVO-System will distribute the materials as part of its bundling of direct mail literature from different companies.

Service Completes Satellite Network

NASHVILLE, Tenn. — Service Merchandise has completed the initial deployment of a satellite communication network that provides up-to-the-minute information on sales, credit card authorization, price changes and inventory from the cataloger's over 300 showrooms to its headquarters here. The network, developed during the past three years, transmits the digital information via Hughes Network Systems' Personal Earth Station VSATs (very small aperture terminals) which connect the Ku-band hub at the cataloger's headquarters with small 1.8 meter remote satellite dishes at each showroom.

Price Club Home Stores to Premiere

SAN DIEGO — Price Co.'s new endeavor, Price Club Home and Office Furnishings, is set to premiere in late June with the opening of two Southern California locations. One site will be adjacent to the company's membership warehouse club in San Juan Capistrano, Calif., and the other will be housed in a portion of the company's former warehouse in Santee (a relatively new warehouse is located several blocks away). Price Co.'s new stores will run approximately 50,000 square feet in size and include both furnishings and accessories for the home and office.

Fred Meyer Wins IMRA Ad Award

PORTLAND, Ore. — Fred Meyer won the IMRA 1989 Advertising Retailer of the Year award for attaining record sales during a year when new competition entered its territory. The 112-store chain boosted sales to $2.1 billion in 1988 while facing both ShopKo and Target for the first time in much of its core Pacific Northwest market.

Utah Catalog Coordinator Signs 14th Chain

SALT LAKE CITY, Utah — Coordinator Associated Charter Catalogs has signed up Myers' Fine Jewelry & Gifts, a four-store chain based in Westminster, Md., that was previously with Paul Schultz Catalogs, as its 14th member. The group has also reelected Jay Siegel (U.S. Merchandise) as president and George Wilson Jr. (Wilbro) as vice president. It also elected Wesley Freedman (Wes Freedman) as treasurer and Milton Goldstein (Goldbro) as secretary.

Clubs Ranked in Top 50 Fastest Growing

NEW YORK — *Venture* magazine has included four retailers and two businesses that primarily supply membership warehouses among its list of the decade's 50 fastest growing entrepreneurial firms. The ranking, in the May 1989 issue, lists Costco Wholesale as No. 1, The Wholesale Club, No. 9, electronic retailer QVC, No. 35 and Office Depot as No. 43. Advanced Markets, which supplies membership warehouses with books, was listed as No. 38 while Jan Bell Marketing, which provides the clubs with jewelry, was ranked No. 46.

Toy Retailer Rises from Bankruptcy

ORLANDO, Fla. — Toy King, once operating more than 60 stores in factory outlet malls, emerged May 23 from Chapter 11 with 20 surviving stores. It had declared Chapter 11 last July. The company lost $1.3 million in 1987, the last year complete results are available, on sales of $13 million.

Floum to Succeed Stan Brenner At Helm of Fishers Big Wheel

Bob Floum, left, will succeed retiring Stan Brenner, as Big Wheel president and coo.

NEW CASTLE, Pa. — Bob Floum, a veteran retail executive whose previous employers include Kohl's, Target and Venture, will leave Rose's next month to become president and chief operating officer of Fishers Big Wheel.

Floum, who was senior vice president of merchandising for the Henderson, N.C.-based discounter for the past two years, will succeed Stan Brenner, who announced his retirement late last month. In what appears to be a major revamping of Fishers Big Wheel's upper management, the 92-store discounter based here also announced a series of promotions.

Doug McElwain has been promoted to vp/merchandise manager, housewares, electronics and photo. He was previously divisional merchandise manager for domestics and men's and boys' apparel. Rusty Graber, former director of real estate, was named divisional vp, real estate.

Tom Via, formerly dmm, children's apparel, was named divisional vp/merchandise manager, women's and children's apparel. Former director of merchandise control/systems development J. Richard Abraham is now divisional vp, merchandise control. Andy Hess, previously dmm, was named divisional vp, merchandise manager.

Former director of construction Barry Miller was named divisional vp, construction; Pat "Butch" Nicholson, dmm, hardware, paint, lawn and garden, sporting goods, pet supplies and automotives, was named divisional vp/merchandise manager; and Robert J. Kostelansky, formerly zone manager, was promoted to divisional vp/zone manager.

Crazy Eddie Challenged by Debtors

5 Suppliers Petition for Involuntary Liquidation of CE Chain

EDISON, N.J. — Crazy Eddie, already reeling from a 20 percent decline in sales and a $50 million operating loss in fiscal 1989, is now faced with a challenge from dissenting debtors, who want to close the struggling CE retailer down. The company said a minority of suppliers—Southwestern Bell, Phonemate, Code-A-Phone, Cobra Electronics and Northwestern Bell—are pressing for involuntary liquidation of the chain, citing $860,000 in unpaid bills.

Crazy Eddie president Peter Martosella said the five creditors' claims "constitute a small percentage of the company's unsecured vendor debt." Other suppliers, including the chain's five largest creditors, have agreed to a moratorium on repayments until Crazy Eddie can implement a repayment plan presented to an informal committee of creditors at the Consumer Electronics Show.

"We are determined to seek the prompt dismissal of the involuntary petition, and to continue the process we have begun of attempting to achieve an out-of-court restructuring . . . with the cooperation of all our creditor constituencies," Martosella said. "Our stores remain open and we continue to believe that at this juncture, bankruptcy proceedings are not in the best interest of the company, its creditors or stockholders."

Nichols Sells Wholesale Division

NEW YORK — In its second move within a month to improve liquidity, S.E. Nichols sold its Schreiber wholesale division to management for $20 million.

Nichols added the proceeds, $19 million in cash and a $1 million note, to corporate coffers, said James Herlihy, senior vice president, finance, and will decide later how to use the money.

Sale of the wholesale division last month came on the heels of a decision to close eight stores, including all five remaining units in North Carolina. That move will raise about $8 million more in cash, Herlihy said.

Nichols said it also may close three more stores, reducing store count to 30 from 41 at the beginning of the year. Nichols lost $3.4 million in the fiscal year ended Jan. 28, 1989, after a prior year loss of $1.9 million. Consolidated sales fell to $326.4 million from $340.2 million.

Wholesale revenues of Schreiber rose, however, to $48.7 million in 1988 from $43.7 million in 1987, Herlihy said. Operating profit for Schreiber totaled $3.4 million, compared to $3.3 million a year earlier.

Even though Schreiber was profitable, financing costs for carrying inventory were substantial, Herlihy said. The sale "frees working capital," he said.

Nichols' retrenchment is intended to shorten lines of supply and supervision. It leaves the chain concentrated in New York (13 units) and Pennsylvania (nine units). It also intends to continue operating five stores in Virginia, two in Maryland and one in Delaware. The three units it is considering selling are single units in Ohio, New Jersey and West Virginia.

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EDITORIAL

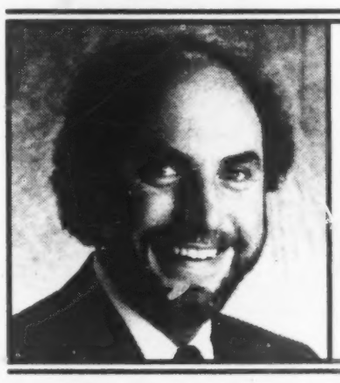
There's a Method to McCrory's Madness

There were about 2,400 people standing in the sweltering 90-degree heat on the grass of the fairgrounds in York, Pa. The first hour of the "McCrory Caravan," a two-week international trip honoring the variety store chain's associates for achieving their 1988 goals, had begun.

Earlier that day, I met with Phil Lux, chairman and ceo, and Bob Spencer, president of McCrory's, at their headquarters about five miles from the fairgrounds in York. We briefly discussed the chain's current business. But Phil and Bob were obviously and understandably preoccupied with the gala banquet and ceremony a few hours away.

"You're simply not going to believe your eyes tonight," Phil said.

"Probably not, I responded, especially if it rivals last year's get-together in Las Vegas, [during which McCrory's gave away money, cars and other gifts worth millions]."



TONY LISANTI
Editor

And sure enough, with beads of sweat pouring down their faces, hundreds of happy, overdressed associates were laughing and applauding in disbelief.

"Look back there by the building," said the person standing next to me. "I don't believe it."

What they didn't believe was a biblical ceremony in which company executives dressed as slaves, led the so-called kings—two top regional managers atop white horses—through the crowd. When they reached the front, Meshulam Riklis, chairman of the board of McCrory's parent, Rapid-American Corp., presented both "kings"—Jim Strawn and Bob Tallman—with checks for $1 million each.

Following the ceremony, McCrory's 2,400 associates enjoyed dinner, fireworks and a concert featuring Tony Orlando & Dawn. The next day, the "McCrory Superstars" toured York, and then embarked on their tour of Athens, Tel Aviv and Cairo.

According to Riklis, affectionately called "Rick," the company payed the expenses for the entire trip at a total cost of $11 million.

So, you might say, "big deal!" Or, "what's the point?"

At last year's meeting, Lux told his associates, "The battle cry is 'maximize profits.'"

Call it excessive, ridiculous or fabulous, the incentive program worked. The goals set for 1988 were achieved. The company posted operating income of $10 million for the year ending Jan. 31, 1989 compared to a loss of $73 million the year before.

Few, if any, retailers have such an elaborate incentive program. But it's not the scope of the incentives that is important. What's important is the enthusiasm, teamwork, and pride that each employee exudes, and the fact that they contributed positively to the company and enjoyed doing it.

Said Lux, "If you're not making every employee in your store a part of the pride of being part of this exciting company, then you're not with it. So, get with it!" And they did.

SPARC '89

Newell Captures '89 Vendor of the Year Award

It's interesting for me to see how previous Vendor of the Year recipients continue to innovate and work at better serving the industry.

In an effort to more efficiently serve their No. 1 corporate customer, Procter & Gamble (1987 Vendor of the Year) has assigned a "team" to work with a "team" from Wal-Mart to build their mutual business. The end result is a higher quality partnership that will result in more sales and profits for both Wal-Mart and Procter & Gamble.

When IMRA was considering panelists for a convention seminar on current retailer/vendor issues, one of the first people selected was 1988 Vendor of the Year recipient Wolfgang Schmitt of Rubbermaid.

JOHN FAILLA
Assoc. Pub.

According to Wolf, it is partnerships that develop significant merchandising programs to more effectively sell entire categories of merchandise rather than items that will contribute to profitable growth for both parties in the 1990s.

Developing merchandising programs that improve the productivity of entire categories is a trademark of the 1989 Vendor of the Year award winner—the Newell Group.

During the IMRA convention when I was discussing Newell with Darol Beecher, gmm, hard lines of Prange Way, he referenced their ability to "Newellize" a product category. That comment reminded me of one of my first exposures to Newell. It was at the IMRA convention in Dallas where Newell's executive vp of marketing, Bob Gilbert, was giving a presentation on the success of a new merchandising system developed by EZ Paintr.

For retailers this new system meant improved turns, profit dollars and GMROI. The category had been "Newellized."

Newell vice chairman and ceo Dan Ferguson has fostered a culture within the Newell Group that promotes innovation and healthy competition between Newell divisions. After having attended a meeting of Newell division presidents several years ago I was fascinated at how these executives were competing as much among themselves to attain challenging Newell corporate standards as they were against their direct industry competitors. It is Dan Ferguson's belief that "the Newell Group is as strong as its weakest link" which keeps all Newell divisions focused on delivering superior customer service.

Congratulations to Dan Ferguson and all of the people who are part of the Newell Group on their selection as the 1989 Vendor of the Year.

WASHINGTON REPORT

Should Bush Compromise on Minimum Wage?

Defying President Bush's call for a minimum wage no higher than $4.25 per hour, Congress passed a bill that establishes a $4.55 ceiling. And, for his part, the President has declared that legislation dead on arrival.

Case closed. Right?

Don't count on it. The battle over the minimum wage is far from finished. The next move is up to Congress, where Sen. Edward Kennedy is already hammering out a new plan for boosting the nation's $3.35 hourly pay floor.

KEN RANKIN

What will the Democrats' new proposal look like? Probably not much different from the one that passed Congress earlier this year. That's because there isn't all that much substantive difference between the White House plan and the bill Congress passed.

However, Congress and the Bush administration remain at loggerheads over the "training wage" issue. The White House wants a subminimum wage for all new employees equal to 80 percent of the regular hourly rate (but not less than $3.35) for each worker's first six months on the job.

Top Democrats are pushing a very different sort of training wage. Their approach would allow employers to pay trainees 85 percent of the regular minimum wage for their first 60 days on the job—but only those who had never worked anywhere before would be paid the subminimum wage. Obviously, only a handful of new employees would qualify.

From the standpoint of discounters, if the administration agrees to a compromise at all on the minimum wage issue, it should bend on the wage ceiling aspect. Bending on the training wage provision would not be in the industry's interest.

Indeed, even if the White House agrees to the Democrats' $4.55 per hour plan, as long as the administration sticks firm to its training wage formula the cost of hiring new minimum wage workers won't increase significantly.

Under such a compromise, the subminimum would remain at $3.35 through 1990, then increase to $3.40 through October 1991, and finally stabilize at $3.64. That works out to a manageable 8 percent increase for all new hires.

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HARD LINES

AUTOMOTIVES / HEALTH & BEAUTY AIDS / HARDWARE / TOYS / STATIONERY / SPORTING GOODS / DIY

H&BA Notches 5% Sales Gain

By Charles C. Bowlus
Executive VP,
Boston Distributors

Health and beauty aids sales grew 5 percent to over $29 billion in 1988 with discount department stores capturing 18 percent of the market, according to independent industry surveys. Real growth slowed in 1988, largely due to a decrease in the number of new products.

The major players in H&BA, such as Procter & Gamble and Uni-Lever, found they could achieve market share goals more rapidly with less investment and risk by buying established brands instead of developing new ones.

Examples include P&G's purchase of Vicks, Norwich and the Vidal Sassoon and Pantene brands. Uni-Lever's acquisition of Chesebrough-Pond's established the company as a leader with the Vaseline, Q-Tips and Ponds brands augmenting the Aim, Close-up and Signal brands.

Another way manufacturers are skirting the high costs of new product launches are line extensions, new packaging or improved reformulations. These strategies not only strengthen the bottom line, but also preserve capital to protect against takeovers.

The sacrifice of these shortcuts is limited growth. The categories experiencing the strongest growth are those where major introductions have taken place.

New products certainly injected new life into the mouthwash category. The development of plaque control rinses will continue to drive sales through 1989. The leaders are Plax, the pioneer in the market, and Viadent. In our audit, Scope lost market share while Listerine, which boasts the ADA seal of approval as an effective agent against tartar and plaque buildup, improved its competitive position.

Another category experiencing real growth due to new product development was eye care products, now nearly a $1 billion business.

Chemicals, with a 33 percent sales increase in 1988, are the leading growth segment of eye care. Bausch & Lomb's Renu 20-ct., for instance, jumped all the way to seventh position; this was its first year on our listing. Ciba Vision's AO Sept brand is the top chemical product. Enzymatic cleaners, growing at a 15 percent rate, were led by Allergan's 24-ct.

While new product development stimulated eye care growth, it could also cause its decline. The complexity of soft lens care and the growth of accessory products have caused some soft lens consumers to stop wearing lenses.

The answer to this problem could be found in products like Bausch & Lomb's Renu Disinfectory Solution. Less than a year in distribution, this formula simplifies the soft lens regimen. Products such as Renu will bring soft lens wearers back into the market but its multipurpose nature will reduce sales of related items.

Unlike mouthwash and eye care, growth in the diet category has come more from Oprah Winfrey than from new product development. The

(Continued on page 18)

Mouthwashes

Ranking 1988	Ranking 1987	Item	Unit Movement	Avg $ Retail	Total Movement
1	1	Listerine Antiseptic 32-oz	187,807	$ 3.99	$749,350
2	2	Scope 24-oz	90,541	3.49	315,988
3	8	Plax Dental Rinse 16-oz	116,869	2.69	314,378
4	3	Scope 40-oz	49,596	5.39	267,322
5	—	Plax Dental Rinse Mint 16-oz	86,034	2.69	231,431
6	7	Scope Peppermint 40-oz	27,889	5.39	150,322
7	14	Scope Peppermint 24-oz	41,881	3.49	146,165
8	10	Listerine Antiseptic 48-oz	27,329	5.29	144,570
9	—	Plax Dental Rinse 8-oz	77,722	1.79	139,122
10	4	Listerine Antiseptic 24-oz	36,024	3.69	132,929
11	5	Listerine Antiseptic 18-oz	38,196	3.19	121,845
12	—	Plax Dental Rinse Mint 8-oz	52,161	1.79	93,368
13	11	Scope Family 18-oz	31,008	2.99	92,714
14	—	Cepacol 24-oz	24,289	3.69	89,626
15	12	Listerine Antiseptic 60-oz	52,884	1.69	89,374

Eye Care

1	1	Bausch & Lomb Sens Eyes 12-oz	269,064	$ 2.19	$589,250
2	2	Allergan Enzymatic 24-ct	42,367	7.99	338,512
3	3	AO Sept 8-oz	55,961	4.98	278,686
4	—	Lens Plus Saline 12-oz	52,029	4.83	251,300
5	8	Allergan Enzymatic 48-ct	18,949	12.97	245,769
6	—	AO Sept 12-oz	38,598	5.98	230,816
7	—	Bausch & Lomb Renu Enz 20-ct	38,194	5.98	228,400
8	5	Bausch & Lomb Sens Daily 10-oz	49,141	3.93	193,124
9	4	Allergan Hydrocare 8-oz	33,155	5.77	191,304
10	10	Boston Conditioner 4-oz	38,238	4.99	190,808
11	6	Allergan Enzymatic 12-ct	32,854	5.76	189,239
12	12	Lens Plus Saline Spray 8-oz	47,615	3.84	182,842
13	—	Bausch & Lomb Renu Disi 12-oz	31,602	5.39	170,335
14	—	AO Disc 12-oz	45,521	3.49	158,868
15	9	Bausch & Lomb Disinfect 12-oz	28,138	5.45	153,352

Source: Boston Distributors, Maple Heights, Ohio, for Jan. 1 to Dec. 31, 1988. Boston distributes products to 1,500 mass merchandisers from Maine to Georgia and westward to St. Louis. Average retail prices reflect typical price points for mass merchandisers.

Diet Products

Ranking 1988	Ranking 1987	Item	Unit Movement	Avg $ Retail	Total Movement
1	7	Slim Fast Chocolate 15-oz	28,455	$5.99	$170,445
2	1	Equal Packets 100-ct	31,017	4.49	139,266
3	—	Slim Fast Strawberry 15-oz	19,442	5.99	116,458
4	4	Sweet N Low Packets 100-ct	70,814	1.59	112,594
5	—	Slim Fast Chocolate Malt	18,105	5.99	108,449
6	9	Dexatrim Extra Strength 20-ct	20,761	4.99	103,597
7	12	Acutrim II Tabs 20-ct	19,865	4.99	99,126
8	3	Fiber Trim Fruitabs 18-ct	11,077	8.69	96,259
9	2	Equal Packets 200-ct	12,370	7.49	92,651
10	15	Dexatrim Extra Strength 40-ct	10,230	8.69	88,899
11	—	Dexatrim C Max Strength 20-ct	17,209	4.99	85,873
12	14	Acutrim Tablets 20-ct	17,041	4.99	85,035
13	9	Dexatrim Extra Strength 20-ct	16,177	4.99	80,723
14	—	Fiber Trim Orange 18-ct	8,717	8.69	75,751
15	—	Fiber Trim F/S 6's	25,776	2.93	75,524

Shampoos

1	1	Head & Shoulders 15-oz	113,986	$4.39	$500,399
2	2	Pert Plus 15-oz	78,012	3.84	299,566
3	6	Head & Shoulders 11-oz	49,433	3.98	196,743
4	12	Prell Norm/Oily 15-oz	52,977	3.57	189,128
5	7	Pert Plus Extra Body Fine 15-oz	47,042	3.84	180,641
6	14	Prell Norm/Dry 15-oz	43,056	3.5	153,710
7	9	Pert Plus Dry 11-oz	39,632	3.84	152,187
8	4	Head & Shoulders Dry 11-oz	37,390	3.98	148,812
9	3	White Rain Extra Body 16-oz	97,113	1.48	143,727
10	13	Head & Shoulders Dry 15-oz	31,803	4.39	139,615
11	8	Pert Plus Oily 15-oz	33,085	3.84	127,046
12	—	Salon Select Gent #3 15-oz	52,228	2.39	124,825
13	5	White Rain Regular 16-oz	74,214	1.48	109,837
14	—	Clean & Clear Extra Body 11-oz	34,126	2.95	100,672
15	—	Salon Select Regular #5 15-oz	39,774	2.39	95,060

Source: Boston Distributors, Maple Heights, Ohio, for Jan. 1 to Dec. 31, 1988. Boston distributes products to 1,500 mass merchandisers from Maine to Georgia and westward to St. Louis. Average retail prices reflect typical price points for mass merchandisers.

MARKETWATCH

OTASCO Folds

TULSA, Okla. — A 70-year-old home and auto chain has folded with the liquidation of OTASCO, founded as Oklahoma Tire & Auto. Following a year with sales of $275 million from 227 stores, OTASCO declared Chapter 11 bankruptcy last November and closed all 171 remaining stores because it was unable to finance Christmas inventories. The Finley Group took over the company as debtor in possession this spring and reopened 63 stores. Last month, it began liquidating OTASCO, citing unspecified internal problems, as well as oil and agricultural recessions in Texas, Oklahoma and other Midwestern states.

Oshman's Thrown For 1Q Loss

HOUSTON — Oshman's Sporting Goods reported a net loss of $1.7 million in its first quarter on sales of $60.4 million. That compares with a restated profit of $16.6 million in the same period in 1988 on sales of $56.2 million. Oshman's restated its 1988 figures to reflect a pretax gain of $24 million from the sale of Abercrombie & Fitch and an aftertax gain of $1.6 million for an accounting change.

Sales Show Pep

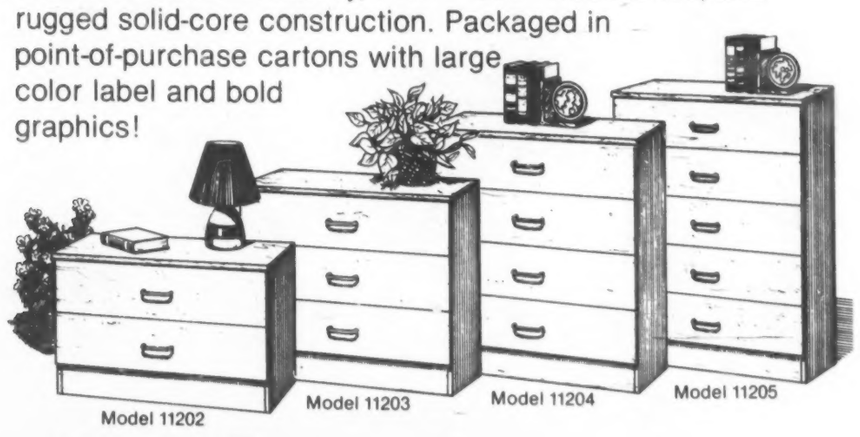
PHILADELPHIA — Pep Boys—Manny, Moe & Jack reported that operating profits soared 42.7 percent in its first quarter on a sales gain of 21.4 percent. Revenues totaled $178.3 million in the quarter ended April 29, 1989, compared to $146.9 million. Operating profits rose to $7.6 million from $5.3 million in the year-earlier period. Same store sales rose 6.6 percent. Pep Boys opened 14 new stores in the first period, including six in new markets: four in Oklahoma City and two in Charlotte, N.C.

New York Limits Emissions from Paint

NEW YORK — Following California's lead, New York will become the second state in the nation to limit the amount of air polluting vapors that paints legally may emit when its regulations go into effect July 1. New Jersey will come in with its own regulation next spring, further complicating the manufacture and marketing of paints that give off volatile organic compounds (VOC). The air pollution standards affect outdoor stains, sealers, wood preservatives and other paints that use volatile paint thinners and turpentine as a carrying agent, but not water-based latex paints.

YOU'LL ♡ OUR DRAWERS!

Quality storage units at breakthru price points! They feature tool-less drawer assembly, warm "oak" wood tones, and rugged solid-core construction. Packaged in point-of-purchase cartons with large color label and bold graphics!



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R. J. REYNOLDS TOBACCO USA

NOTICE TO THE TRADE

TO THE RETAIL TRADE:

R. J. Reynolds Tobacco USA wishes to remind you of its display programs for all retailers selling cigarettes "over-the-counter."

R. J. Reynolds offers merchandising performance allowances to all competing retailers who sell our products. All such offers require display of cigarette brands designated by R. J. Reynolds and are categorized as follows:

- Carton and Package Merchandising programs.
- Permanent Counter and Floor Display programs for packages and cartons.
- Temporary Package and Carton display programs.

From time to time we also make available point-of-sale display materials and promotional offers for in-store use.

Payment is made on a monthly, bi-monthly, or quarterly basis, as designated in each program.

If you would like to receive further information on our programs, contact your R. J. Reynolds Representative, or send your name, address and telephone number to:

R. J. Reynolds Tobacco USA
Sales Department
401 N. Main Street
Winston-Salem, NC 27102

R. J. REYNOLDS TOBACCO USA

H&BA Category Posts 5% Gain

(Continued from page 17)

publicity surrounding Oprah's weight loss helped to hype sales in powders even though her success was due to the more dangerous liquid diet.

Slim Fast and Ultra Slim Fast are capturing most of the gains with Slim Fast Chocolate jumping to top spots on this year's ranking.

The big story in the hair care categories has been the rise of the salon and professional products geared to the mass market.

Redmon's Aussie brand scored extremely well in the spritz segment with Auusie Sprunch and in the conditioner category with its Australian 3-Minute Miracle. Helene Curtis, realizing the trend in consumer preference, created a similar mass market brand: Salon Selectives, our top growth brand in hair care and our top conditioner. Salon Selectives also placed three sku's on the hair spray chart as the only newcomer and the only value brand on the listing.

Gillette, another marketer who realized the trend toward professional lines, restaged its Silkience brand as a "salon" item.

Looking ahead to the 1990s, sales and margins can increase but not as easily as in the past as the new product introductions will lessen. Close attention to the lessons of direct product profitability, including the value of the higher ticket sale, the importance of shelf management, turnover and "just in time" inventory control strategies, will be essential in the business environment of the '90s.

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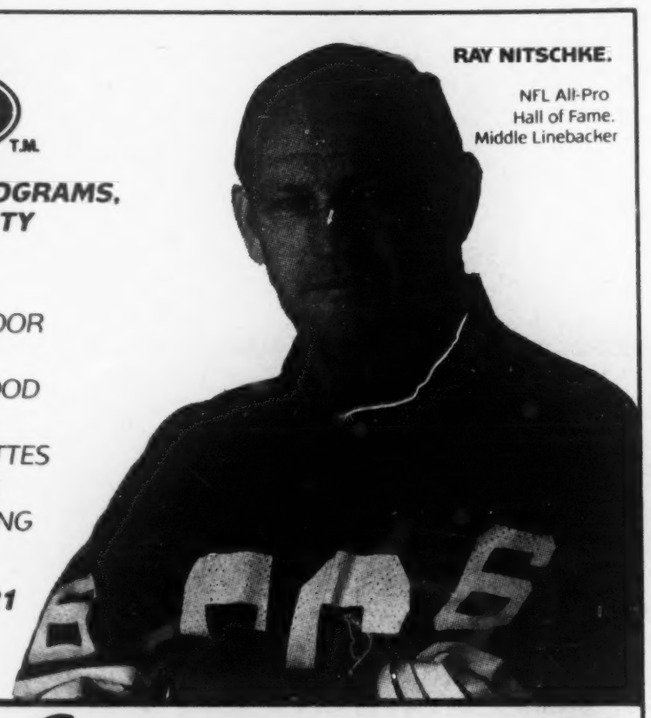

Performance!

Find out what's creating all the stir.

Along with the fanatical home fitness and exercise craze has come the soaring popularity of Dazey TurboSpas. Our unique turbo-action aerated whirlpool will turn any bath into a private health club. And that's why our TurboSpas are bubbling over with sales opportunities for you.

Dazey

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PROCTER & GAMBLE NOTICE TO OUR CUSTOMERS

ATTENTION STORE MANAGER:

We offer Cooperative Merchandising Agreements to all retailers in the U.S.A. Some Agreements are annual—some are short-term.

Payments are made for print or electronic media featuring, display, and consumer-directed promotion. Product coupons and samples are distributed in stores in various markets at various times. Details are set forth in specific Agreements. Proof of performance (e.g., tear sheets) and proof of delivery (wholesalers' invoices) are required for some offers. Also, we offer display material, newspaper proofs, etc., to assist you in merchandising our brands.

The above promotional offers are practical and usable by all retailers regardless of size. You may now be performing under an Agreement and payments are being made to you or to your headquarters. Reduced price allowances are also offered periodically to retailers for special purchase or distribution.

If you are not performing or receiving such promotional offers and would like to, send your name, address and telephone number to Procter & Gamble, Box 162, Cincinnati, Ohio 45201 and our sales representative will contact you. Please specify, if possible, the Company Division in whose brands you are interested.

Bar Soap & Household Cleaning Products Division
Beauty Care Division
Beverage Division
Food Products Division
Health & Personal Care Division
Packaged Soap & Detergent Division
Paper Products Division
Richardson-Vicks U.S.A. Health Care Products Division
Richardson-Vicks U.S.A. Personal Care Products Division
Vidal Sassoon

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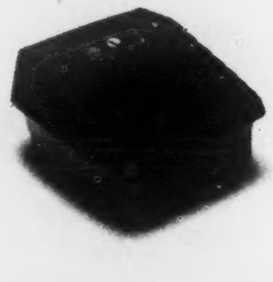
Witness the saving of people's soles.



The Dazey Foot Saver has been the salvation of millions of tired, aching soles. That's because only Dazey combines heat, vibration and aeration to deliver total comfort. And with more and more joggers and aerobicizers, it's bound to continue to sweep America off its feet.

Dazey

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Sears Debuts Fashion-Forward Men's Apparel Department

(Continued from page 1)
individual markets, Sears will go with three differently sized men's departments. The one debuted here will be the largest, with the other two being planned between 10,000 and 16,000 square feet in size.

Warren Flick, vp of men's and children's apparel for the Merchandise Group, said that the new department's "first-class, contemporary store environment will give us an edge over discounters," while "well-trained salespeople and a larger salesforce—combined with the appeal that the Sears name holds for men—will give us a strong advantage over department stores and other mass retailers."

The new department, which includes many sophisticated displays and liberal use of video monitors, concentrates on six distinctive category areas: young men's sportswear, activewear, big and tall, dress furnishings, classic sportswear and men's workwear. Having exited the dress clothing business, Sears has substantially expanded offerings in the first four categories.

With such national labels as Dockers, John Weitz, OshKosh, Farah, Levi's, Cotler, Puma, Reebok, Champion and Hobie, Sears has traded up and out of the men's wear brands—like Manhattan, McGregor, Campus—that most discounters carry.

While not directly comparable because of the differing brands, Sears remains substantially higher in price points in most items compared to most discounters.

Flick added that next month Sears will add an exclusive line of men's casual sportswear from OshKosh.

Warren Flick, Sears' vice president of men's and children's wear, presides over 'The Men's Store at Sears.' (DSN photo)

Wal-Mart Unveils Plans to Reduce Costs with Technology

(Continued from page 1)
sity of Arkansas' basketball arena in this northwest Arkansas town only a few miles from Wal-Mart's Bentonville headquarters.

Bobby Martin, senior vp for data processing, said that the company's $200 million investment in scanning is almost complete. With the help of a videotaped program projected on three giant screens that formed a backdrop to the stage, Martin laid out Wal-Mart's state-of-the-art system that communicates from the cash register to the warehouse to, in some cases, the supplier. Martin said 1,300 suppliers are tied into the automated merchandise flow.

The company's satellite relay for credit card approvals—bypassing commercial telephone carriers—got its first workout during the Christmas buying season last year and completed each relay in a matter of seconds, Martin said. Soon, he added, cash registers in all company stores will produce credit card slips, cutting the time now involved in writing out the slips for each transaction. The company's layaway system is also slated for full automation, Martin said, down to sending out "auto reminders" on merchandise held at the store.

But Martin and the other speakers insisted that Wal-Mart's technology push will not distance the company from its customers. "It will match the way our people think and the way they work," Martin said. Wal-Mart, he said, will continue to be consumer-driven. "That's really what we're trying to do with our technology," he said.

Glass also stressed that Wal-Mart was not putting technocrats at the head of a retailing empire. "We are all merchants," he said, "we are merchandise-driven." Technology allows the company to lower costs—he estimated they run 4 percent to 5 percent below competitors' costs—and to cut margins.

To demonstrate lower costs, the stage was decorated on either side with shopping carts full of Wal-Mart merchandise and comparable merchandise from a competitor. On stage left, the cart full of products from a Wal-Mart store rang in at $120.98 while apparently the same merchandise in a cart labeled K mart was priced out at $131.38. On the right side of the stage, a Wal-Mart shopping basket rang in at $154.29 while Sears came in at $186.91.

Donald Soderquist, Wal-Mart's vice chairman, recounted some of the good news for the stockholders—including a reminder that Wal-Mart, though third behind Sears and K mart in sales volume, leads the retailing industry in profit dollars both last year and during the first quarter this year.

Soderquist said that Wal-Mart now has 14 million square feet of retailing space in its Wal-Marts and its Sam's Wholesale Clubs. Paul Carter, the company's cfo, said plans for this year include 155 new Wal-Marts and 20 to 25 more Sam's. But, Carter said, those plans could be derailed a little by zoning and construction holdups that might push the openings into the next fiscal year.

Carter said that the planned Hypermart USA in Kansas City, Mo., and three planned SuperCenters—full-sized Wal-Marts with a grocery department—might not come online until late in the fourth quarter or early next year.

The meeting opened with a series of testimonials from suppliers. Tom Laco of Procter & Gamble said that his company and Wal-Mart had gone beyond the "ordinary relationship" between seller and buyer to a partnership. "We are much more effective," Laco said. "We make more money and we have a lot more fun doing it."

The company also pushed its "Made in the USA" program. Glass cited a contract with Sanyo of Forrest City, Ark., that is "a super deal." From the Sanyo lines, he said Wal-Mart is getting 25-inch color televisions with remote control that it sells for $298 each. "It's blowing out of our stores," Glass said.

Al Parriss of Sweaters USA, another Wal-Mart vendor, said his company will supply Wal-Mart with 700,000 units during the year on a quick response basis.

"Quick response is not a gimmick," he said, "it puts the consumer in the driver's spot," by allowing buyers to respond to consumer preferences on a short-term basis rather than defining them by ordering seasons in advance.

Soderquist said that the soft lines department would see continued emphasis at Wal-Mart in presentation and selection. Wal-Mart, he said, wants to be "the basic apparel merchandiser for America."

The meeting was also marked, as usual, with songs and skits that combined patriotism and Wal-Mart fervor. A group of male cheerleaders, decked out in red, white and blue accents, led the crowd in the Wal-Mart cheer.

The shareholders elected two new directors, raising the board membership to 17 from 16. The two new members are Robert H. Dedman, chairman of the Club Corp. International, based in Dallas, and of Franklin Federal Bancorp in Austin, Texas; and F. Kenneth Iverson, chairman of Nucor Corp., a steel manufacturer with a plant in Blytheville, Ark. Charles Lazarus, chairman of Toys "R" Us, resigned from the Wal-Mart board after five years. Walton said that Lazarus, who was not at the meeting, left because "between the two companies we control so much of the toy business in the United States" that a conflict between Lazarus' two positions was inevitable.

Use of Kiosks as Selling Tool Grows

(Continued from page 3)
mation on selecting tires and batteries. The terminals were supplied by ByVideo, which developed the informational program in cooperation with PACE and the suppliers.

- Sears using kiosks to test different informational and selling programs in a number of store and non-store sites.

The retailer plans to deploy a new kiosk developed by NCR later this year or early in 1990 for an undisclosed application. The two companies acknowledged the proposed venture but declined to comment on the specific use.

Sears is using ByVideo kiosks in a number of areas. It has already installed transactional terminals in 12 stores to sell Sears brand and Hy-Test work shoes and boots, while in five other units it's selling Acme boots from the manufacturer's kiosk. It is continuing to test terminals in lighting departments in a number of stores, with the units providing information and processing sales on 650 sku's, three times the actual store stock.

The retailer is maintaining its year-old test of Gift Sender kiosks in 10 Chicago locations. These terminals don't have any Sears identification as the company's research showed that Sears, K mart, JCPenney and similar retailers had "negative" images as a source for gifts, Jerry Coll, a Sears executive, said.

- Advanced Marketing Technology plans to expand its six-month-old Host Gift USA operation, a joint venture with Host International. It expects to grow from 40 selling and informational machines in nine airports to 100 terminals in about a dozen airports. In addition, Hertz Business Centers will grow to 25 kiosks from 12. The terminals merchandise 100 items from a number of suppliers, with Host Gift USA buyers selecting the goods.
- Phar-Mor and Woolworth Express plan to expand their use of Advanced Interactive Video information and couponing terminals from 150 and 20 stores, respectively, with other undisclosed retailers planning to deploy the kiosks.

AIV president Theodore S. Celeste noted that the 30 Phar-Mor stores that had the kiosks for a full year dispensed 2.5 million worth of coupons from 20 manufacturers, with an average redemption rate of about 10 percent, much higher than for newspaper coupons.

- Levi Strauss, which currently has 250 kiosks in use, is considering installing the terminals in 2,000 stores. This expansion would include tieing in the machines to its electronic data interchange replenishment system to facilitate shipment of goods to consumers. Sale of the merchandise would still be credited to the retailer that houses the terminal.

Using electronic retailing technology wasn't originally part of Levi Strauss' core business so expanding the number of kiosks wasn't part of the company's growth program. "We are now pursuing this business as part of our growth," said Jeff Harlowe, a company executive.

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